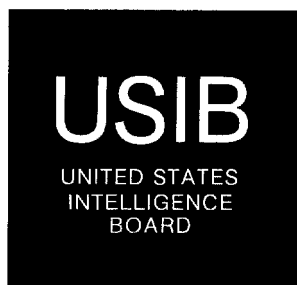


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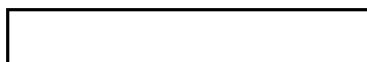
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SOUTH VIETNAM

The evacuation airlift from Da Nang [redacted] continued yesterday, but civil order and military discipline in the city has drastically worsened. If panicky mobs on airport runways cannot be controlled, it may be impossible to continue the airlift.

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Saigon is hurriedly formulating plans to shift the four South Vietnamese divisions besieged in the northern provinces. General Cao Van Vien, the chairman of the Joint General Staff, does not believe that Da Nang can be held. He expects to move the marines and the 1st Division to the Saigon area and move the 2nd and 3rd divisions to the central coast.

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The defense of Nha Trang also is in jeopardy. Large numbers of troops that survived the trek to the city from the highlands are contributing to a breakdown of law and order.

Evacuation flights from Da Nang that have been going to Nha Trang will be sent to nearby Cam Ranh Bay as soon as authorities can move the necessary supporting equipment into place. This will, however, have little effect on the crumbling military and administrative situation in Nha Trang.

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The collapse of the government's forces in the northern two thirds of South Vietnam has occurred so fast that the magnitude of the disaster has not yet registered on the population of Saigon. Suppression of the worst news has helped to keep the man-in-the-street only vaguely aware that the situation is serious. Attention remains primarily focused on the rising price of rice.

President Thieu has exhorted the people to unite behind a new government of national union to face the common danger. His proposal for a cabinet shuffle is the sort of measure that might have served to broaden the base of his government in more normal times, but it falls short of the mark now.

Prime Minister Khiem seems to be proceeding at a leisurely pace and has ordered a study of names of representatives in the National Assembly who might be considered for the new cabinet.

The announcement by former vice president Ky that he is coming out of retirement to engage in politics has apparently been taken seriously by President Thieu. Ky was pushed out of his posts in the mid-1960s by Thieu, and the two have been bitter enemies ever since.

The arrest of a number of political figures and the appearance of charges in the press of coup plotting was probably intended by Thieu as a warning to coup plotters, including Ky. It seems unlikely that any of the individuals arrested would have had the political strength to prepare a serious plot.

There is no evidence of active coup plotting among those who do have the power--the senior military leaders. Indeed, there seems to be some feeling among them that this sort of instability at this time could be very dangerous.

Many senior officers, however, are deeply ashamed at the failure of the armed forces to offer protection to civilians fleeing the enemy, and they are bitter at Thieu over the collapse in the north. With this mood

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growing among the military, it is probably only a matter of time before an attempt is made to organize a move to oust Thieu in favor of a senior military leader.

Once the news from the north spreads in the south, moreover, the popular mood could turn ugly and give impetus to a conspiracy. The communists are beginning to try to sow seeds of discord; offering amnesty to those who do not impede their progress.

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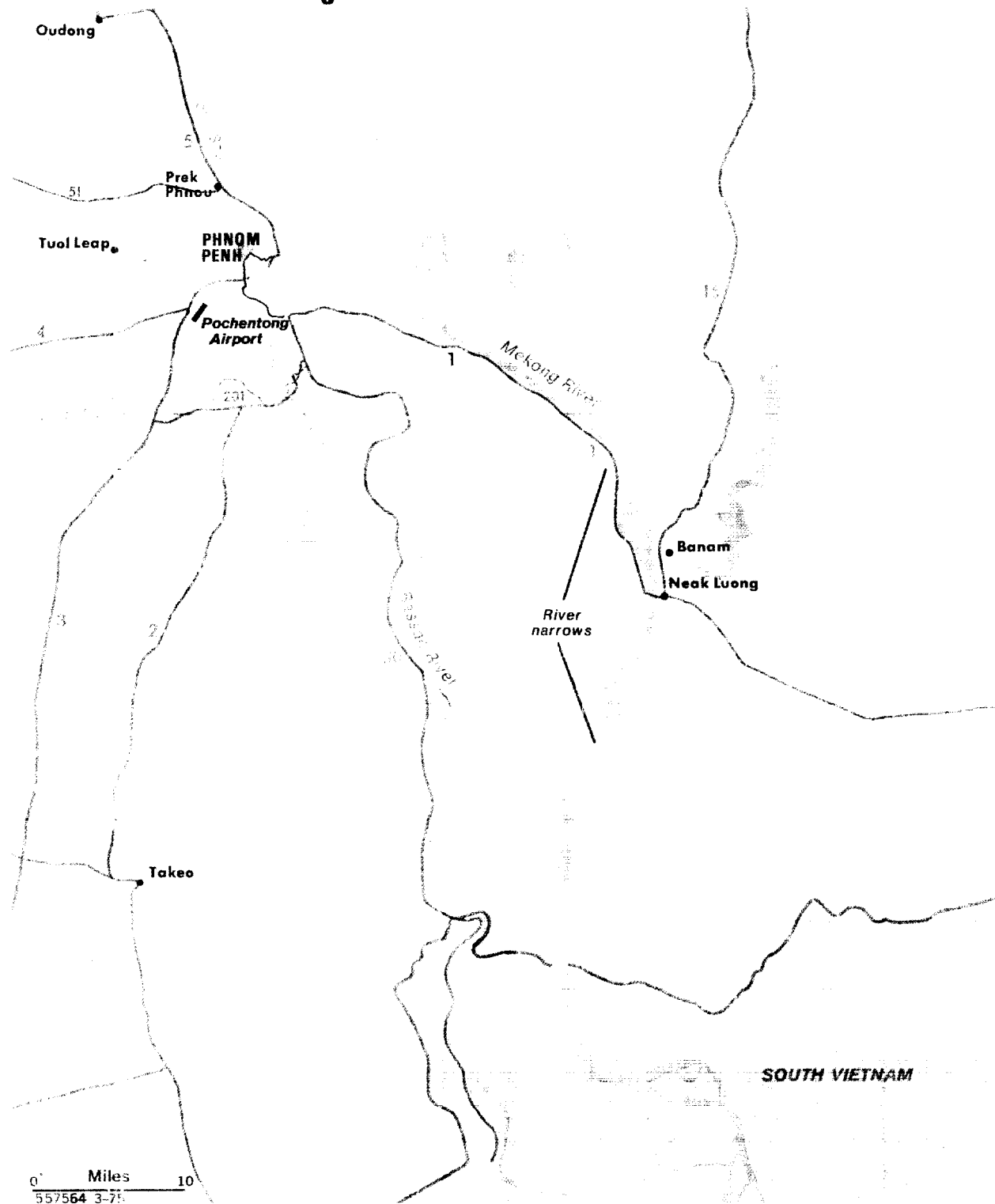
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Cambodia: Lower Mekong



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CAMBODIA

Khmer communist gunners are continuing to fire both artillery shells and rockets into Phnom Penh's Pochentong Airport, temporarily closing it to the US airlift. No US aircraft were at the airport when the shellings began early this morning.

[redacted] Cambodian army ground operations to reoccupy the Tuol Leap staging area northwest of the airfield are progressing slowly against heavy enemy resistance.

Government forces at the isolated lower Mekong River enclave of Neak Luong have recaptured one of the three defensive positions northeast of the town that fell on March 25. There are strong indications, however, that a major communist assault against Neak Luong may be imminent.

[redacted]

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SAUDIA ARABIA

The death of King Faysal will slow developments on the international oil scene for at least the next month, but probably will make little difference over the longer term.

Saudi decisions on important oil policy matters are likely to be postponed until after the 40-day mourning period for Faysal. These matters include the Saudi positions on the producer-consumer conference, the pricing of oil in currencies other than the dollar, and the indexing of oil prices to offset inflation. OPEC decisions on these and other matters are also likely to be delayed, since the cartel rarely takes a position independent of the views of its largest producer.

A basic shift in Saudi oil policy as a result of Faysal's death is unlikely. Saudi Arabia under King Khalid will remain a strong supporter of OPEC, although perhaps not quite as influential a member as before. With the loss of Faysal's personal prestige and religious leadership in the Arab world, Saudi Arabia's influence will come mainly from its oil production capability and huge financial resources. We expect that, at least initially, the new Saudi leadership will be more reluctant than King Faysal was to take on the OPEC majority. Saudi Arabia's moderating influence on OPEC policies consequently may be somewhat diminished.

In recent years, Saudi oil policy has been thrashed out by the Supreme Petroleum Council under the chairmanship of Prince Fahd, the Crown Prince. Fahd is expected to hold the preponderance of power in Khalid's administration. Since the make-up of the council has not changed, Saudi oil policies promise to continue much as before.

The death of King Faysal will probably reduce the influence of Oil Minister Yamani and may bring his dismissal. In the past, Yamani has had differences with Prince Fahd, most notably about holding an oil auction last summer to drive down oil prices. Fahd successfully opposed the auction

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USSR

The Soviet Union has significantly increased its contingency declarations of ship transits from the Black Sea through the Turkish Straits since the first of the year. In addition, a greater variety of types of ships are now reflected in these requests to the Turkish government. This action reduces the effect of the restraints imposed by the Montreux Convention on the Soviet capability to augment the numbers and types of ships in its Mediterranean Squadron within a limited period.

Prior to January 1975, contingency declarations--notifications given though not necessarily used--were routinely announced only for cruisers, destroyers, and submarines. Since the first of the year, however, lists of units being declared on a regular basis have included landing ships, fast patrol boats, destroyer escorts, and probably missile support ships.

During the October 1973 Middle East war, the Soviet naval buildup in the Mediterranean was severely constrained initially by the Montreux Convention, which requires an eight-day advance notification for transits. The first Soviet amphibious vessels that were sent through the straits in reaction to the war could not do so before October 14--eight days after hostilities had begun.

Following the war, the only change in declaration procedures until January of this year occurred during the Cyprus crisis in July-August 1974. At that time, landing ship and patrol boat declarations were announced, in addition to those types routinely declared.

Increased contingency declarations have apparently become an integral part of Soviet planning for the Mediterranean, giving them a much greater flexibility in reacting with naval forces to developments in the Middle East and North Africa. The increased number of contingency declarations also serves to conceal Soviet intentions for southbound transits during a given time period.

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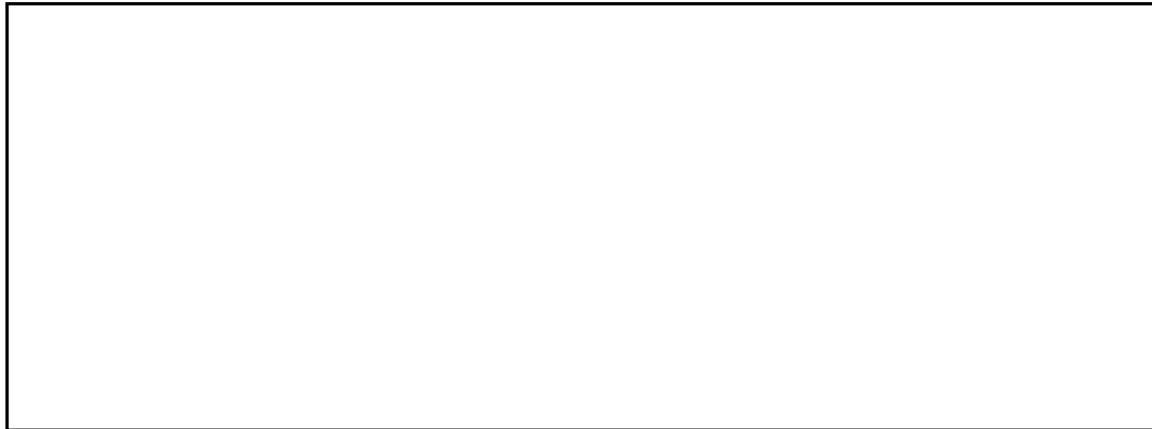
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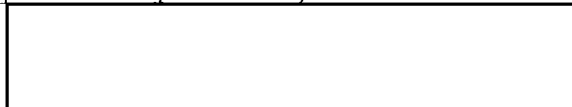
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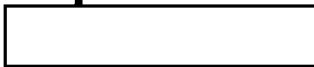


Angola: The fighting that has been taking place in Luanda this week between the National Front for the Liberation of Angola and the Popular Movement for the Liberation of Angola seems to have subsided. Tension remains high, however, and any new incidents between the two liberation groups could spark new clashes. Portugal's new foreign minister and the minister for the overseas territories arrived yesterday in Angola to try to deal with the problem.



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